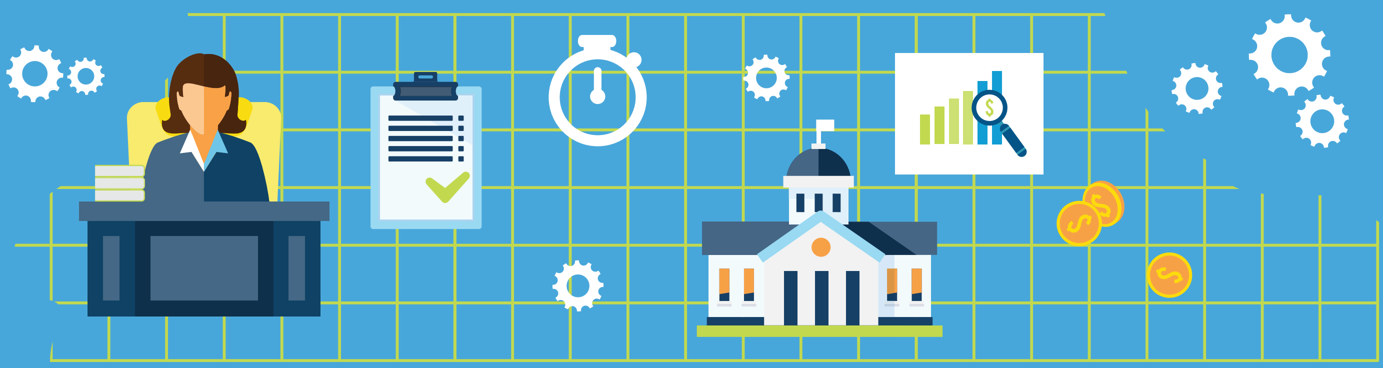
THE ADMINISTRATOR'S GUIDE

TO LEADING A SUCCESSFUL FINANCIAL TRANSPARENCY INITIATIVE



CITIZEN DEMAND FOR CLEAR, TIMELY AND TRANSPARENT GOVERNMENT FINANCIAL INFORMATION HAS DRAMATICALLY ACCELERATED OVER THE PAST DECADE. AND IT SHOWS NO SIGN OF SLOWING DOWN.

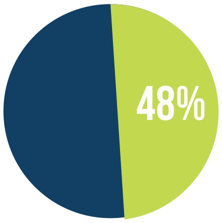
For the first time in 2014, all 50 U.S. states actively maintained financial transparency websites.[2] Local governments are following suit. Thousands of cities, counties, schools, and special districts nationwide now place revenue and spending data online on a regular basis. But in an era of tightening margins, local governments must make the most of technology and communications resources and find creative ways to engage all segments of their population.

How can government leaders create an excellent, cost-effective financial transparency site?

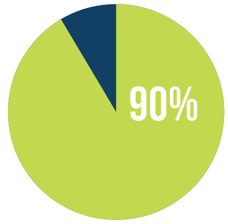
Whether you're considering developing your own or evaluating a vendor solution, make sure your financial transparency site incorporates the following criteria.

Transparency Site Best Practices:

- SHOW COMPREHENSIVE DATA.
- CREATE A ONE-STOP SHOP FOR INFORMATION.
- PRESENT YOUR DATA IN AN INVITING AND INTUITIVE FORMAT.
- PROVIDE INFORMATION AROUND-THE-CLOCK ON ANY DEVICE.
- MAKE YOUR SITE USEFUL TO STAFF.
- USE YOUR DATA TO DRIVE STAKEHOLDER ENGAGEMENT.



A 2015 poll conducted by Vision Internet among local government leaders found that 48 percent of respondents believed open data and financial transparency plays a significant role in local government operations today.



More than 90 percent of respondents believed open data and financial transparency would have a significant role in local government by 2020.[1]

[1] "What's Next in Digital Communications for Local Government." Vision Internet. http://www.visioninternet.com/Home/ShowDocument?id=38
[2] "Following the Money 2014." United States Public Interest Research Group (US PIRG). http://www.uspirg.org/reports/usp/following-money-2014

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Show comprehensive data.

A financial transparency site needs to be comprehensive. In other words, it should answer more questions than it creates. A complete financial transparency site should include:

- MULTIPLE YEARS OF DATA
- EXPENSES, REVENUE, AND (IDEALLY) EQUITY
- MULTIPLE VIEWS AND/OR FILTERS
- TRANSACTIONAL INFORMATION

SHOW MULTIPLE YEARS OF DATA

Data becomes information when it is presented in a meaningful context, and multiple years of financial data can provide that context. Consider the following statement:

"The Recreation Department spent $2.7 million in 2013."

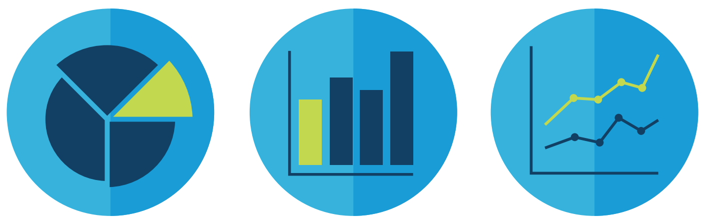
Is $2.7 million a lot? Not enough? One needs additional context to answer these questions, such as the ability to compare to spending in prior years or to the projected budget. Adding historical data to your financial transparency site makes it easier for users to identify trends and provide perspective.

INCLUDE EXPENSES, REVENUE, AND (IDEALLY) EQUITY

A single dataset only tells a fraction of the story. For example, expense information becomes more meaningful when you can compare it to revenue. A department comes into focus when it is viewed as part of the larger organization. A single account, such as overtime pay, has context, when it can be compared to other expenses accrued by an agency. Revenue and expenditure data come to life when you can see how it affects equity over time.

PROVIDE MULTIPLE VIEWS AND/OR FILTERS

An excellent financial transparency site will allow a user to explore multiple views of a financial dataset. Local governments typically categorize their finances by source (or restriction in funds), by organizational unit (or department), and by specific account (or object type). Many also use additional categories like activities, projects, and priorities to track greater details that may span other categories. Viewing the data through each unique lens allows visitors to see where the money comes from, how it is allocated, and how it is used.



DISPLAY TRANSACTIONAL (CHECKBOOK) INFORMATION

A growing number of states require municipalities to make transaction-level (or checkbook-level) revenue and spending data available to citizens.[3] Whether or not displaying transactional-level data is required by your state, providing viewers with this level of detail is good practice. A complete financial transparency site provides viewers with both a high-level overview of the organization's spending and revenue, and the ability to drill down into transactional detail.

Citizens should be able to find answers to questions related to different levels of detail, such as:

- *Have property tax revenues recovered after the recession?*
- *Has the city run a deficit or surplus over the past five years?*
- *How much has the city paid XYZ Landscaping Company this year, across all departments?*

Transactional-level detail, combined with high-level trend analysis, creates a bridge between specific actions and budget impact. It also helps to ensure organization-wide contract compliance, individual department operations, and policy discussions.

[3] For example, in 2010, Arizona passed legislation requiring municipalities to post online all transactions over $5,000. http://cronkitenewsonline.com/2013/02/cities-facing-new-requirements-for-sharing-financial-information/

2

Create a one-stop shop for information.

Local governments use their website to inform residents, solicit ideas and feedback, and promote public engagement.[4] When it comes to sharing and soliciting feedback about budget priorities, leaders should ensure information about finances and the budget is available in one place for easy, intuitive access.

Many governments maintain different documents for different fiscal years on different department webpages. Decentralized information can be very confusing for constituents who are unfamiliar with the government's organizational structure and therefore don't know where to locate information they need. Siloed information limits a user's ability to see trends across time or gather relevant context.

Providing all financial data in one place provides the user a comprehensive view without requiring specialized knowledge of the government's organizational structure. For example, local governments should display audited financial reports alongside the budget and other strategic planning documents.

It has become common practice for local governments to create a "landing page" with links to all relevant budget and financial documents, including current and past year operating and capital budgets, fee schedules, and the financial transparency portal. Even governments that prepare award-winning budgets benefit from a landing page that orients users to the budget document and the transparency portal.

ADDRESS COMMON QUESTIONS

When Los Angeles Mayor Eric Garcetti presented his annual budget to residents using the city's Open Budget platform, the Mayor's office provided an accompanying landing page to answer common questions and offer tips for easy navigation.

Many local governments, large and small, including Atherton, California; Converse County, Wyoming; and Pittsburgh, Pennsylvania use landing pages to answer frequently asked questions and provide context for their respective budget portals.

3

Present your data in an inviting and intuitive format.

The purpose of a transparency site is to transform raw data into meaningful information for your constituents, elected officials, and internal staff. A picture paints a thousand words and an intuitive user-interface brings meaning to millions of data points. Here is a quick litmus test for determining whether your interface is intuitive:

- CAN YOU EXPLORE THE DATA?
- CAN YOU SEARCH THE DATA?
- CAN YOU SORT THE DATA?
- CAN YOU ANALYZE THE DATA?
- CAN YOU ANSWER YOUR QUESTIONS EASILY
- CAN YOU ANNOTATE THE DATA?

CAN YOU EXPLORE THE DATA?

Visitors come to your financial transparency site because they want to learn more about their government. But they probably don't have specialized knowledge of its organizational structure or operations. Financial data is most engaging when it is organized intuitively and can be navigated with a few clicks of a mouse. A good transparency site should invite exploration and help citizens become acquainted with their government. Information should be inviting and presented logically to encourage active use.

CAN YOU SEARCH THE DATA?

Financial data is complex. It can be challenging to find a specific account within a division of a department that uses resources from a particular fund. Powerful search functions and data filters will save users tremendous time searching and sorting financial data.

CAN YOU SORT THE DATA?

Many transparency sites only view data through a single dimension. For example, they may allow you to view an expense type, such as overtime spending, for a particular department, such as the police department, but not across the entire organization. The best transparency sites allow you to sort and filter data across multiple dimensions and change the presentation format of respective views.

CAN YOU ANALYZE THE DATA?

Transparency sites pay for themselves when they empower citizens with the ability to find answers to their own questions. Leveraging historical trends, reviewing current-year operations, and aggregating checkbook data improves decision-making and informs the public. Transparency sites also enable all government stakeholders to access the same data, which can help to streamline operations and remove traditional bottlenecks to information.

CAN YOU EASILY GET YOUR QUESTIONS ANSWERED?

Your financial transparency platform should organize information so that the most frequently-asked questions are addressed first. For example, if you are frequently asked by citizens or council members "How much do we spend on police?", then that information should be readily accessible on your homepage.

The city of Dunwoody, Georgia places FAQs on their budget portal's homepage, which allows users to click on an FAQ and immediately view the accompanying answer in an adjacent view.

CAN YOU ANNOTATE THE DATA?

When you present financial information to an audience that does not have a finance background, context is key. Your financial transparency platform should enable you to not only communicate the data, but also to provide necessary context.

For example, let's say your city had a 30 percent increase in overtime spending last year. Citizens and journalists may be alarmed by (and even suspicious of) such a large increase over one year. The ability to annotate that leger item will allow you to provide context immediately. (Such as the fact that last winter, your city experienced twice the average amount of snow, requiring additional personnel support for clearing roads, repairing power lines, etc. caused by the weather.) The ability to provide additional context will not only curb rumors before they start, but will also help you build trust with the community.

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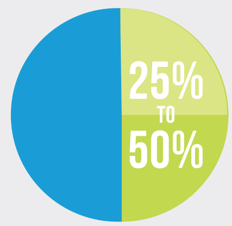
Provide access to financial information anytime, anywhere.

Hosting your financial transparency site in the cloud will provide constituents, staff and elected officials access to your government's financial information anytime, anywhere, while freeing up your IT resources to focus on more complex issues. Cloud-based platforms also provide numerous benefits, including:

- **COST EFFICIENCY**
- **SECURITY**
- **SAVE IT STAFF TIME**
- **INTEGRATIONS**
- **PREDICTABLE PRICING**

COST-EFFICIENCY: A study conducted by the Brookings Institution estimated that government agencies realized 25-50 percent in savings by utilizing cloud technology. Another analysis found creating and maintaining a stand-alone financial transparency site costs ten times as much as adopting a cloud-based transparency platform.



SECURITY: By taking advantage of cloud-based software, you are also taking advantage of enhanced IT security. The IT department no longer needs to update antivirus protections or back-up data systems. Your cloud-software provider has a whole team of engineers ensuring that your platform is safe, reliable, and always online.

SAVE IT STAFF TIME: Cloud providers take care of software upgrades, system upgrades, storage hardware, and many other things so that your IT staff doesn't have to. Having your technology stack always up-to-date saves your IT team tremendous time and puts the government administrators in the drivers seat.

INTEGRATIONS: Your financial information should not live in a siloed database. An interactive, cloud-based financial transparency site should easily integrate with other data and systems, such as your enterprise resource planning (ERP) or financial management systems (FMS).

PREDICTABLE PRICING: The predictable pricing of most software-as-a-service (SaaS) companies is favorable to the local government budgeting process. SaaS subscriptions are predictable, and eliminate the need for government leaders to find special funding for cloud-based services. SaaS subscriptions also fall under the category of an operating expense vs. a capital expense, the latter of which may require additional approval time.

[5] "Darrel West. "Saving Money Through Cloud Computing" http://www.brookings.edu/research/papers/2010/04/07-cloud-computing-west
[6] "Local Governments Find Strength in Numbers." OpenGov Blog. http://blog.opengov.com/strength-in-numbers

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Make your site useful to staff.

Transparency sites provide government accountability, but they should also be useful to internal staff. A transparency site should enhance staff's ability to collaborate more effectively, access relevant and actionable data, and apply data to decision-making. A successful financial transparency tool should:

- **ANSWER COMMON STAFF QUESTIONS**
- **SAVE TIME**
- **ANSWER QUESTION IN REAL-TIME**
- **IMPROVE DECISION-MAKING**

DOES IT ANSWER STAFF QUESTIONS?

Your transparency site should support informed decision-making. It should also enhance employees' understanding of the financial information that is typically provided through an accounting or enterprise resource planning (ERP) system.

DOES IT SAVE STAFF TIME?

Successful transparency sites provide quick access to financial data. Answering information requests from citizens or researching data for internal operations is time-consuming. A good transparency site should reduce information requests and save your staff time by helping them find the information they need.

CAN YOU ANSWER QUESTION IN REAL-TIME DURING MEETINGS?

Don't be caught off guard by on-the-spot questions during a council (or commission) meetings again. Your financial transparency site should be accessible anywhere there is an Internet connection, including your city hall. Do your elected officials often have questions that require pulling customized reports out of your ERP system? Your financial transparency platform should enable you to respond to questions in real-time, especially during council meetings.

After Encinitas, California adopted a transparency platform in 2014, city council members now enjoy the ability to access budget information and drill down into financial detail in real-time during meetings. According to Finance Director Tim Nash:

"We see fewer people at council meetings bring up problems regarding finances because they can now easily look up the information. I have not heard any complaints from citizens not being able to find information."

DOES IT INFORM DECISION-MAKING?

Every day, government leaders make decisions that affect the community. Transparency sites that include historical financials and budget-to-actual variance provide decision-makers the information they need to build a better community. Sites must include more than just bulk data. It must frame the discussion so that decisions remain focused on how and why specific policies are implemented, rather than debating "which" numbers are relevant to decisions.

6

Use your data to drive stakeholder engagement.

In order for your financial transparency initiative to succeed, you will need to promote your platform among stakeholders and educate them about how to use it. Local governments frequently use social and traditional media to draw constituents to information that is available through the budget platform. For others, the platform is a mainstay of town-hall gatherings and other special events, such as the mayor's state of the city address.

Your budget portal should provide the flexibility to feed communications across any medium. Here are some important considerations for making sure your platform can be used both online and offline.

SOCIAL MEDIA INTEGRATION

Your budget platform should directly integrate with social media. In other words, you should be able to directly export snapshots from your portal to your social media channels, such as Facebook and Twitter, with the click of a button.

The City of Pittsburgh, for example, has a dedicated twitter handle for their open budget initiative known as Fiscal Focus Pittsburgh (@FiscalFocusPGH). The city updates year-to-date spending on a monthly basis via @FiscalFocusPGH and engages the community in the process. Residents who visit the city's transparency platform can also share links to interesting views in the portal through their own social media channels.

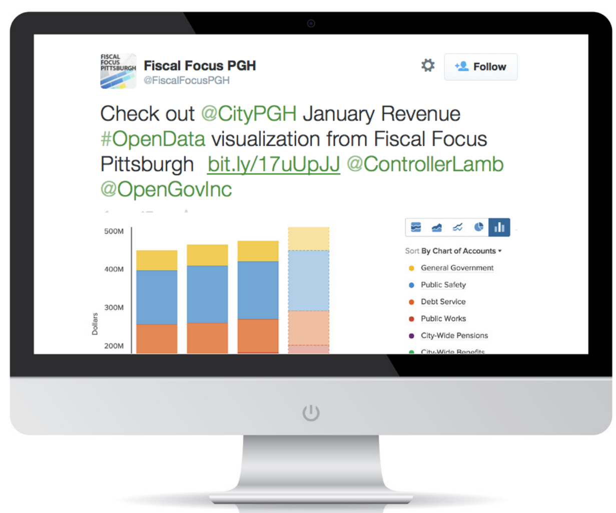
FACILITATE A CONVERSATION WITH CITIZENS, BOTH ONLINE AND OFFLINE

Your budget platform should help you engage citizens about your government's budget. As a citizen explores financial data through the portal, it should be obvious how they can contact your government, should they have question about the information that is presented. Best-in-class budget transparency platforms will allow a user to instantly email your government through the platform.

Even in a digital age, many important communications, especially in local government, are still paper-based (such as your budget book). Ideally, your transparency portal will help to facilitate these communications as well. The ability to directly export charts and graphs into budget books or council agendas (discussed above) helps to support clear communications with constituents.

USER-FRIENDLY FOR OTHER STAKEHOLDERS

Citizens are not the only audience that will consume information from your transparency portal. Your portal is also a resource or journalists, many of whom use transparency platforms to gather data for stories. Your portal may also come in handy during union negotiations, while transactional data can be helpful when negotiating with vendors or while conducting your audit. Regardless of the audience, the ability to share information freely from any platform view can go a long way in ensuring a level playing field of information.



The Administrator's Guide
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Key Takeaways:

As citizen demand for local government transparency increases, local leaders must identify the right path to satisfy demand while also maintaining a sustainable, cost-effective IT strategy. A good transparency site will save staff and elected officials time and satisfy your constituents, without consuming additional IT resources.

SUCCESSFUL FINANCIAL TRANSPARENCY SITES:

- Should be comprehensive, one-stop, and intuitive for all stakeholders.
- Are available around-the-clock.
- Do not become a major project or added burden, but rather support and enhance the day-to-day operations of your government.
- Become a helpful tool that saves staff time and government resources.
- Take advantage of cloud-based platforms that provide the security, automatic updates, and round-the-clock support your government requires.
- Drive constituent engagement and eventually become a tool that residents can't live without.

YOUR CHECKLIST FOR A BEST-IN-CLASS FINANCIAL TRANSPARENCY PLATFORM:

- Multiple years of data (actuals & budget)
- Ability to show expenses, revenue, and equity
- Transactional (checkbook) information
- Ability to search, sort, and analyze data
- Anytime, anywhere access
- Social media integration
- Export graphs & charts
- Save specific views for citizens & internal staff
- View analytics on site visitors
- Ability to self-upload data
- Security (multiple backups & redundancy)
- Easy implementation (without IT) & integration

OpenGov is setting a new standard for how governments analyze, share, and compare financial data. Founded in 2012 with headquarters in Silicon Valley, OpenGov is the market leader in cloud-based financial transparency for state and local governments. The OpenGov financial analysis platform transforms budget data into intuitive, interactive reports that make it easy to show how taxpayer money is collected and spent. With OpenGov technology, governments collaborate more effectively through their budgeting process, make smarter data-driven decisions and build trust through greater transparency. The company currently serves more than 250 governments across 36 states including Minneapolis, New Haven, Addison, TX, and Orange County.

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